



Public Private Partnerships and Other Forms of Partnering

**Presentation to
Economic Development Advisory Committee**

July 14, 2016

Agenda

- MPO's Role
- What is a Public Private Partnership (P3)
- Benefits and Limitations of P3s
- Other Forms of Partnering
- Recommended Next Steps
- MPO's P3 Guiding Principles
- P3 and Partnering Forum

MPO's Role

- Thought leader
- Educator of stakeholders and elected officials
- Coordinator
- Not decision-maker; project sponsor plays this role

What is a P3?

- Project delivery method (not a revenue source)
- Variations but all include:
 - Contract
 - Increased private role in design, construction, financing, operations, and/or maintenance
 - Sharing of
 - Risk
 - Responsibility
 - Reward

The Lingo

- DBOM
- DBF
- DBFOM
- Joint Development

Benefits of P3s

P3's can potentially:

- Bring private capital
- Advance projects despite government debt limitations
- Incentivize innovation, improved quality, efficiencies
- Allocate risks to partner most capable of managing the risk
- Provide greater price and schedule certainty
- Provide O&M resources and facilitate life-cycle cost management

Limitations of P3s

- Project delivery method, not a funding source
- Private partner requires return on investment (profit)
- High transaction costs
- Typically most beneficial for large, new construction projects, but there are exceptions
- Complex procurement presents new risks
- Project sponsor needs technical capacity to manage development, procurement, negotiations, and long-term contract oversight
- Clearly defined revenue stream is required
- Few county/local projects are likely to meet parameters

Example:

Colorado DOT

US 36 Managed Lane & Bus Rapid Transit

- DBFOM P3 with 50 year agreement
- Alleviates congestion multi-modally
 - Bus Rapid Transit (BRT)
 - High Occupancy/Toll (HOT) lanes
 - Bikeway
 - Reconstruction of existing general purpose lanes (toll free)
- Funding: Mix of federal, state, local, TIFIA, equity, private activity bonds, toll revenues
- Private partner
 - Designed, constructed, and financed phase 2
 - Operating and maintaining entire project
 - Receives toll revenue



What are Other Forms of Partnering?

- Not conventional P3s
- Not as highly publicized
- Often result from problem solving with limited resources
- Can make real differences; every dollar counts



Types of Other Forms of Partnering

Financial

Advertising
Signage
Naming Rights
Sponsorships
Vending & Concessions
Right of Way Leases
Value Capture

Service Delivery

Sponsored Service
Complementary Transportation
Real Time Information
Wireless/Wifi
Charging Stations
Smart Lighting

Infrastructure Development

Design Build
Air Rights

Example:

CATA (State College, PA)

Sponsored Service

- Apartment Complexes
 - Tenants receive bus pass with lease
 - Apartment complex reimburses CATA per ride
 - Pay wholesale fare (\$0.93 vs. \$1.75)
 - 28% of CATA annual operating revenue
- University Circulator
 - Free rides to all (not just students)
 - University pays flat fee per hour of service
 - Annual contract sets service and fee terms
 - Increases overall ridership for federal funding consideration
 - 35% of CATA annual operating revenue



Recommended Next Steps

- Develop 'MPO P3 Guiding Principles'
 - Present to Citizen's Advisory Committee and Technical Advisory Committee (September 28)
 - Present to and request adoption by MPO Board (October 13)
- *Conduct forum to discuss P3 and partnering opportunities*
- *Share materials via MPO's website*

*Note: The forum and sharing of materials via the MPO's website will not be conducted under this contract scope. These items could potentially be conducted under another contract vehicle.

MPO P3 Guiding Principles

- Brief policy document that will:
 - Outline MPO's role with regard to P3s
 - Integrate P3 consideration into MPO planning process
 - Provide framework by which MPO could determine to recommend P3 consideration by project sponsor

MPO P3 Guiding Principles Outline

- Purpose of the MPO P3 Guiding Principles
- Overview of the MPO's role regarding P3s
- Process by which the MPO will evaluate whether to recommend P3 consideration by project sponsor
- Evaluation criteria, such as:
 - Project size and complexity
 - Revenue availability
 - Project sponsor's technical capacity
 - Project readiness
 - Private sector interest and capacity
- Overview of other forms of 'partnering' beyond conventional P3s

P3 and Partnering Forum

- Goal: Education
- Expanded presentation:
 - Explains P3s and Other Forms of Partnering
 - Shares examples of successful projects
- Panel of experienced speakers from other agencies for interactive session
- Information and materials from the forum would be shared on MPO's website

Discussion

Appendix A:

Additional Examples of P3s

FDOT (Broward County, FL)

I-595 Corridor Improvements



- Reversible managed lanes with variable tolls
- 35 year P3 agreement between FDOT and concessionaire
- Concessionaire
 - Designs, builds, finances, operates and maintains (DBFOM)
 - Receives final acceptance and availability payments
- FDOT
 - Manages the contract
 - Installs, tests, operates, and maintains tolling equipment
 - Sets toll rates and retains toll revenue

MDT (Miami-Dade Transit, FL)

Compressed Natural Gas Fueling Stations



- MDT issued P3 RFP to select CNG developer & enter into Master Developer Agreement
- MDT will benefit from savings associated with CNG
- Private party anticipated to:
 - Design, build, finance, operate, maintain CNG fuel stations
 - Upgrade existing County infrastructure including MDT maintenance facilities and existing fuel stations to provide CNG
 - Purchase and/or lease CNG powered buses
 - Supply CNG
 - Generate revenues for County through CNG sales to third parties

Appendix B:

Additional Examples of Other Forms of Partnering

PSTA (Pinellas Suncoast Transit Authority, FL)

Partnership with Uber & United Taxi



- PSTA pays 50% of fare, up to \$3 per ride
- To and from designated stops within specified zones, 7am to 7pm except Sunday
- Apply promo code 'PSTA' in app & slide to 'PSTA' option to request a ride
- Helps solve 'first mile/last mile' barrier by providing lower cost access to bus stop
- According to APTA study more than 20% of public transportation riders, nationally, use ride-sharing services to connect to services



FRED (Fredericksburg, VA) Partners Program

- \$25k/year = 'Major Partner'
 - Routing serves Partner's location
 - Free rides for employees, students
 - Free advertising
 - Advisory board invitation
 - Tailored annual report
- Under \$25k options, proffers, in kind arrangements
- Partner Program Revenues =
~4% of operating budget

Major Partners

- ✓ University of Mary Washington
- ✓ The Free Lance-Star
- ✓ Germanna Community College
- ✓ WFLS radio
- ✓ Mary Washington Healthcare
- ✓ Caroline County
- ✓ Spotsylvania County
- ✓ City of Fredericksburg
- ✓ Stafford County
- ✓ George Washington Regional Commission
- ✓ Virginia Dept. of Rail & Public Transportation

CTA (Chicago, IL)

Bus Shelter Concession



- 20 year bus shelter and street furniture contract
- No cost to City/CTA
- Partner designed, installed, maintains, and manages ad space on 2,200+ shelters
- CTA guaranteed \$200M+ in ad revenue
- Prior CTA bus shelters did not have ad space



SEPTA (Philadelphia, PA)

Station Naming Rights




- **Hospital:** commuter rail station
- \$4M for 5 years
 - Optional 4 more years at \$3.4M
 - 85% to SEPTA & 15% to ad agency
- Hospital provides shuttle bus between hospital & station
- **AT&T:** subway station
 - \$5.4M for 5 years
 - Only wireless carrier underground along 2 lines



CTA (Chicago, IL)

Fare Payment System



- Contactless open fare payment system
 - Payment with cards, tickets, debit or credit cards with chips and (soon) mobile devices 
 - Replaced separate fare systems of CTA, Pace Bus
- Private partner receives monthly fee
 - Base and variable (# of rides) components
- CTA saves \$
 - No longer purchases, maintains, supports fare collection equipment



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